

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2015/2016

**PAT0074 – INTRODUCTION TO FINANCIAL
ACCOUNTING**
(Foundation in Business)

1 JUNE 2016
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **SIX** questions.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED QUESTIONS [100 MARKS]

Instructions: Answer **ALL** questions in this section. Write your answers in the Answer Booklet.

Question 1**Part A**

Below is the list of unadjusted balances (**extract**) of DZN Ltd for the year ended 30 April 2016.

	<u>RM</u>
Rental received	1,800
Trade Receivables	5,500
Provision for doubtful debts as at 1 May 2015	700
General expenses	80
Motor expenses	700
Rental paid	10,000
Commission received	6,000
Insurance	5,000

Additional information:

Below are the adjustments to be made on 30 April 2016.

- i) Rental revenues received but not yet earned RM600
- ii) Accrued general expenses RM20
- iii) Insurance prepaid RM1,000.
- iv) Rent paid in advanced RM1,500.
- v) Commission earned but not yet received RM500
- vi) Provide for provision for doubtful debts at 20% per annum of trade receivables.

Required

By completing the following table, indicate how much should be recorded in Income statement and Statement of Financial Position of DZN Ltd for the year ended 30 April 2016. Please indicate either "**Expenses**" or "**Revenue**" (in Income Statement) and "**Liability**" or "**Assets**" (in Statement of Financial Position).

Continued...

	Income Statement (RM)	Statement of Financial Position (RM)
Example:		
Rental Received	1,200 (Revenues)	600 (Liability)
Provision for doubtful debts		
Salaries and wages		
Insurance		
Rental paid		
Commission received		

***Please copy this table to your answer booklet**

(10 marks)

Part B

Runhill Ltd purchased a machine on 31 January 2013 at a cost of RM400,000. The machine had an estimated residual value of RM50,000 and a life of five years. Depreciation for the machine was charged at 20% per annum.

Required

- a) Calculate the **accumulated depreciation** for this machine as at 31 December 2015 using the:
- Straight line method (3 marks)
 - Reducing balance method (7 marks)

(Total 20 marks)

Question 2

Cash receipts and payments for Baking Club for the year ended 31 May 2015.

<u>Cash receipts</u>	RM	<u>Cash payments</u>	RM
Subscriptions	20,000	Rental of equipment	1,200
Collections for baking competitions	5,000	Purchased of machinery	15,000
		General expenses	1,000

Notes:

- Cash balance on 1 June 2014 is RM25,000.
- Depreciation for equipment is provided at 20% per annum
- Subscriptions accrued on 31 May 2015 was RM3,000.

Required

- a) Draw up receipts and payments account for the year ended 31 May 2015. (8 marks)
- b) Draw up the income and expenditure account for the year ended 31 May 2015. (7 marks)

(Total 15 marks)

Continued...

Question 3

Joey and Jenny have been in partnership and always shared profits and losses 3:2. The net profit, before any distribution to the partners, amounted to RM300,000 for the year ended 31 March 2016.

- i) They are entitled to a 10% per annum interest on capitals; Joey having RM25,000 capital and Jenny RM25,000.
- ii) They charged interest on drawings, Joey being charged RM3,500 and Jenny RM2,500.
- iii) Joey and Jenny are entitled to salary of RM15,000 and RM16,000 respectively.
- iv) Cash drawings made by each of them is RM10,000 during the year.

Required

- a) Prepare Income Statement showing Appropriation Section for the year ended 31 March 2016 showing how the net profit is being shared between the partners.
(14 marks)
- b) Prepare the partners current accounts in columnar form. Close the current accounts
(6 marks)

(Total 20 marks)

Continued...

Question 4

Austin Ltd has an authorised capital of RM500,000, consisting of ordinary shares with par value RM2, 10% cumulative preference with par value RM2 and 15% non-cumulative preference shares with par value RM5. The company reported the following information in the balance sheet at 31 May 2016:

Statement of Financial Position as at 31 March 2016 (extracts)

	RM	RM
Issued and paid-up capital		
Ordinary shares	200,000	
10% Cumulative preference shares	160,000	
15% Non-cumulative preference shares	120,000	480,000
Reserves		
Share premium	300,000	
Retained earnings	150,000	450,000
Total shareholders' equity		930,000

Required

- How many units of ordinary shares were issued and paid-up? (3 marks)
 - How many units of cumulative preference shares were issued and paid-up? (3 marks)
 - How many units of non-cumulative preference shares were issued and paid-up? (3 marks)
 - How much annual dividend should be paid to cumulative preference shares? (3 marks)
 - How much annual dividend should be paid to non-cumulative preference shares? (3 marks)
- (Total 15 marks)**

Question 5

For each of the following items, indicate whether it is either a cash inflow or outflow and in which section of the statement of cash flows it would be reported.

No	Item	Inflow or Outflow	Statement Section
	Example: Increase in inventory	Outflow	Operating Activities
a)	Cash paid for supplies		
b)	Repayment of a loan		
c)	Cash purchase of store equipment		
d)	Issuance of shares		
e)	Loan received		
f)	Collection of an account receivable		
g)	Cash sale of inventory		
h)	Payment to acquire extra premises		
i)	Sale of used store equipment		
j)	Payment of an account payable		

(Total 15 marks)
Continued...

Question 6

The following figures are for Teneleven Sdn Bhd

	<u>RM</u>
Sales	1,500,000
Cost of goods sold	600,000
Other expenses	250,000
 Non-Current Assets	 500,000
 <u>Current assets</u>	
Cash	50,000
Trade receivables	85,000
Inventories	35,000
 <u>Current liabilities</u>	
Trade Payables	41,000
Notes payable to bank	12,000
Other current liabilities	10,000

Required

Calculate the following ratios by using the information given for Teneleven Sdn.Bhd.

- a) Current ratio (3 marks)
- b) Quick ratio (3 marks)
- c) Gross profit margin (3 marks)
- d) Net profit margin (3 marks)
- e) Trade Receivables to sales ratio (month) (3 marks)

(Total 15 marks)

End of Paper